



COMMON MARKET FARM REPORT

BELGIUM, FRANCE, GERMAN FEDERAL REPUBLIC, ITALY, LUXEMBOURG, THE NETHERLANDS

VICE PRESIDENT MANSHOLT CALLS FOR TRUE INTERNATIONAL AGRICULTURAL POLICY

EEC Commission Vice President Sicco Mansholt urged acceptance of a "true international agricultural policy" in a speech delivered February 11 at the National Farm Institute, Des Moines, Iowa.

Dr. Mansholt, who before his trip to Des Moines conducted talks with Administration officials in Washington, said that the Kennedy Round trade negotiation in GATT (General Agreement on Tariffs and Trade) is "the first time that a major trade negotiation has included agriculture."

He declared that what is really important in these agricultural negotiations is "the sum effect of all aspects of national agricultural policy, of all kinds of protection." He thus proposed a "binding in GATT of all those elements of protection with nothing excluded in full reciprocity."

NO ELEMENTS EXCLUDED

"Agricultural trade has been ill for a long time," he said. "The Common Market is firmly convinced that we should attack the causes of the illness at their heart. We propose that in the Kennedy Round no element affecting world trade should be excluded." In particular, he mentioned production in relation to demand, disposal of surpluses, prices on world markets, price policies in exporting and importing countries, and support policies."

Vice President Mansholt then reviewed the EEC proposals which have been put forth in GATT for agricultural negotiation.

"We say that all the elements of domestic protection have one net result: a difference

in domestic price from the world market price. We in the Community call this difference the 'margin of support.'

"We are willing to consolidate our margin of support in relation to a normal world market price or reference price to be negotiated."

"We propose an initial binding of three years...If there were by that time world overproduction, then the reference price could be revised. If there were overproduction on the part of only one partner, then that partner would be asked to adjust his level of support."

SUM OF PROTECTION EXAMINED

"This method would be an important first step toward a better world market organization. It would not mean, as some have charged, that the Community would impose its own system of protection on its trading partners. What would be on the table would be the sum of protection, expressed in amount per unit of product."

In addition, he proposed that commodity agreements be concluded for cereals, meat, sugar and fats.

Included in these agreements would be such elements as avoidance of surpluses, efforts

Copies of Vice President Mansholt's speech in Des Moines are available from the European Community Information Service, Suite 808, The Farragut Building, 900 - 17th Street, N.W., Washington, D. C. 20006.

to increase demand, price stabilization, application of an agreed reference price, and means of surplus disposal, he said.

Vice President Mansholt stressed the necessity of helping the developing countries. "The Kennedy Round must take into account the desperate needs of the developing world," he said. "We in the rich West must fulfill our obligations."

Turning to the Community's common farm policy, Vice President Mansholt said, "Agriculture is in fact undergoing a revolution and during this revolution we are merging six separate market organizations under our common agricultural policy..."

BASIC OBJECTIVES REITERATED

"The basic objectives of our common price system are to provide fair income for efficient European producers and at the same time to establish a 'balanced market' -- that is, a market without surplus domestic production and with room for imports from efficient overseas producers..."

"We in the Common Market Commission said at the time we made our grain price proposals that we believed they would, if adopted, leave room for ample imports from overseas producers. We certainly expect a continuing market for United States' feed grains, and for a variety of reasons not all associated with Community price levels. In fact, U.S. feed grain sales to Europe may rise in volume over their present level. But they will not continue to hold their present percentage of the European market -- most largely because of more efficient and mechanized European production techniques."

MET WITH U.S. OFFICIALS

During his stay in Washington Dr. Mansholt met with Vice President Hubert Humphrey; Secretary of Agriculture Orville Freeman; Under Secretary of State George Ball; Governor Christian Herter, U.S. Special Representative for Trade Negotiations; McGeorge Bundy, Presidential Special Assistant for National Security Affairs; and Assistant Secretary of State William Tyler.

(These discussions followed earlier talks of Commission members with Governor Herter in Brussels on January 25 and with Secretary Freeman in Berlin the previous week).

Dr. Mansholt held a press conference in



Vice President Siccio Mansholt of the EEC Commission meets with Governor Christian Herter, U.S. Special Representative for Trade Negotiations, during Dr. Mansholt's recent visit to the United States.

Washington February 9 in which he stated that the United States and the Community, pending agreement of other GATT partners, had tentatively agreed on the date of September 15 for tabling offers for negotiating agricultural products in the Kennedy Round.

The United States regretted the necessity to delay start of actual negotiations on agriculture, but realized that the Community could not present its offers until common prices had been established for all major agricultural products in the EEC, he said.

WILLINGNESS FOR CEREAL TALKS

The Community is willing, Dr. Mansholt asserted, to begin negotiations immediately for cereals. The Community already has a common cereals price. In addition, agreement has been reached by GATT partners to begin on April 1 the presentation of all elements of national agricultural support programs, he said.

He said that his talks with U.S. officials had shown that, in spite of differences between the two points of view, there is a "good and increasing understanding" of problems on both sides and recognition of the necessity to reach agreement on agriculture.

AGRICULTURAL CALENDAR FOR 1965

Although 85 per cent of the agricultural products in the EEC already fall under the common policy, there are some important aspects of the Common Agricultural Policy which have yet to be decided and which will require decisions of the Council of Ministers on proposals of the Commission.

Of major significance is the regulation on financing of the agricultural policy. The European Agricultural Guidance and Guarantee Fund serves the three aims of intervening on the market to assure a guaranteed price to producers, providing aids for export, and assisting in the structural and social policy.

NEW REGULATION NEEDED

The present regulation for the Fund expires on June 30, 1965 and must be replaced with a new regulation concerning the sources of revenue for the Fund as well as the manner in which it is to be employed. This question is particularly difficult as the financing of the Fund has to be approved by the national parliaments, and the Dutch Parliament has already indicated its reluctance unless some sort of democratic control, i.e. of the European Parliament, is established over the Fund.

Among major groups of products not yet under the common policy, sugar will present one of the greatest problems. The Commission proposed last year a common organization of markets in the sugar sector including the establishment of a target price, threshold price, reference price, and intervention price. Due to the nature of sugar-beet marketing within the Community, growers' income can be insured only through the sugar price.

Oils and fats are a second major product which will be the object of a Council decision. (See Farm Report of January 30, 1965). The Commission's proposals include a common market organization, a special system of importation from the associated African countries, and a charge on certain fats used as foods.

In addition Council action is expected on a supplementary regulation for fruits and vegetables to permit market intervention. Fresh milk was not included under the dairy regulation of 1964 and must be decided as well.

During the course of 1965 the Commission intends to introduce regulations for other important sectors such as tobacco, non-edible horticultural plants, potatoes, hops and alcohol.

COMMON PRICES IN ALL SECTORS

The Commission also will submit this year proposals for common prices for all the major product sectors. The Council decisions of December 15, 1964 concerned only wheat and feed grain prices; and common prices of the other products, most of which depend on grain prices, have yet to be determined.

In general, the Commission hopes to attain for the agricultural sector the same rhythm as that for industrial goods so that the common market for both may be reached by July 1967 as proposed by the Commission on January 18, 1965.

EEC TRADE IN BEEF AND VEAL IN 1963
(excluding intra-EEC trade) (1000 metric tons)

	<u>Fresh, chilled,</u> <u>frozen</u>	<u>Live</u>	<u>Total</u>
Exports	62.1	1.9	64.1
Imports	281.3	214.8	496.1

Beef, Milk Price Approximations Proposed to Council

In two regulations submitted to the Council of Ministers the Commission of the EEC has proposed price approximations in 1965/66 for beef and milk.

Although common prices for these two sectors have not yet been fixed, the Commission proposes the reduction between the upper and lower price limits existing in the Community.

In the case of beef and veal this reduction is to be oriented, on one hand, to encourage production for the coming year due to the world beef shortage, on the other hand, to prevent an overly large increase in slaughtering. The upper and lower limits proposed are, for beef, \$59 and \$64 per 220 pounds and, for veal, \$78 and \$85.

For milk the limits are to be \$8.50 and \$5

per 220 pounds, i.e. a continued ratio of 7 to 1 between beef and milk prices. In addition, national aids on milk products which keep prices below the lower limit are to be reduced and will be offset by a corresponding rise in threshold prices, the price at which a product may enter into the national market.

It is also foreseen that during the course of 1965 common prices for beef and milk products will be proposed by the Commission which would enter into effect in 1967.

A Community publication "Basic Facts of the Common Organization of the Market in Beef and Veal" is available in English free of charge from the European Community Information Service, Suite 808 - The Farragut Building, 900 - 17th Street, N.W., Washington, D. C. 20006 or 2207 Commerce Building, 155 East 44th Street, New York, New York 10017.

Commission Aims for Harmonization of Members' Food Laws

Progress on harmonization of food laws within the European Economic Community has been underway since 1960.

Under Article 100 of the Rome Treaty concerning harmonization of legislation, the

Council of Ministers has issued two directives, one in 1962 and one in 1963. The former ordered approximation of regulations of Member States on coloring materials used in food products and the latter directed approximation of laws dealing with preservatives used in food.

The Commission has meanwhile submitted a number of other directives to the Council, most of these dealing with additives as well. In addition, other proposals on fruit and vegetable processing, marmalades, jellies and preserved fruits are being drawn up.

In 1964, studies and preparation of directives were begun for such products as flour preparations, food extracts, dairy produce (particularly butter), oils and fats, fruit juices, and non-alcoholic beverages. This year the Commission will extend its work to sugars, wines, emulsifying and stabilizing agents, packaging materials and coffee powders.

Although the sectors so far dealt with represent only a small part of the domain of food legislation, there has been a satisfactory rate of progress in this field, the EEC Commission estimates. It also feels that there has been a decided tendency toward improvement of average quality.

Eventually some sort of "Community food law" will be necessary including statutory standards and common legislation, according to the Commission, but for the short run it is concentrating on the present method of harmonization of Member States' laws.

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